

Lecture 2-

Required reading notes: Reinventing Your Business Model

Two problems associated with trying to pull of business model innovation-

1. Very little formal study has been done into the dynamics and processes of business model development
2. Not many companies can understand their **existing** business model well enough. By not understanding the premise behind its development, natural independencies, strengths and limitations, they do not know when they can leverage their core business and when success requires a new business model.

Three steps to making the business model more attractive to internal and external stakeholders:

1. Thinking about the opportunity to satisfy a real customer who needs a job done
2. Construct a blueprint laying out how your company will fulfil that need at a profit
3. Compare that to your existing model to see how much you'd have to change it to capture the opportunity. This will allow you to see clearly if you can use your existing model or you need a separate one

What is a business model?

It consists of four interlocking elements that, taken together, create and deliver value.

Firstly, and most important is Customer Value Proposition (CVP)

create value for customers

By "job" we mean a fundamental problem in a given situation that needs a solution Once we understand the job and all its dimensions, including the full process for how to get it done, we can design the offering

Slide 5- Competitive advantage

"What sets an organisation apart from others and provides it with a distinctive edge for meeting customer and client needs in the market place" (Daft, 2016, p. 636)

Develop core capabilities that makes it hard for competitors to compete with

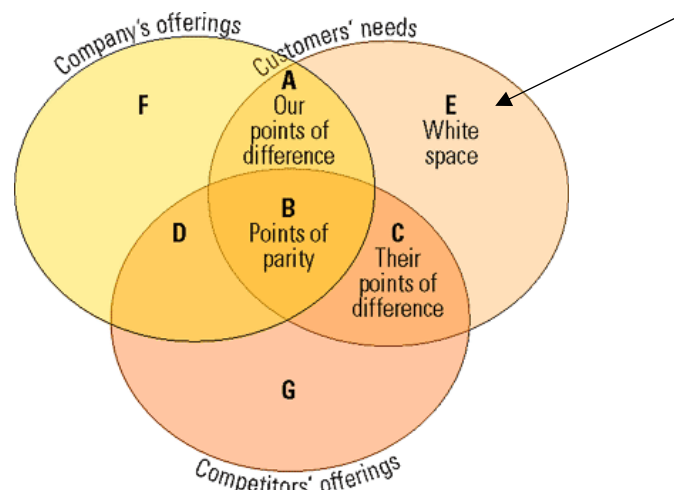
Front room- what your good at

Back room- what you're not good at or don't need to be good at

Your back room however may be someone's front room = partnerships

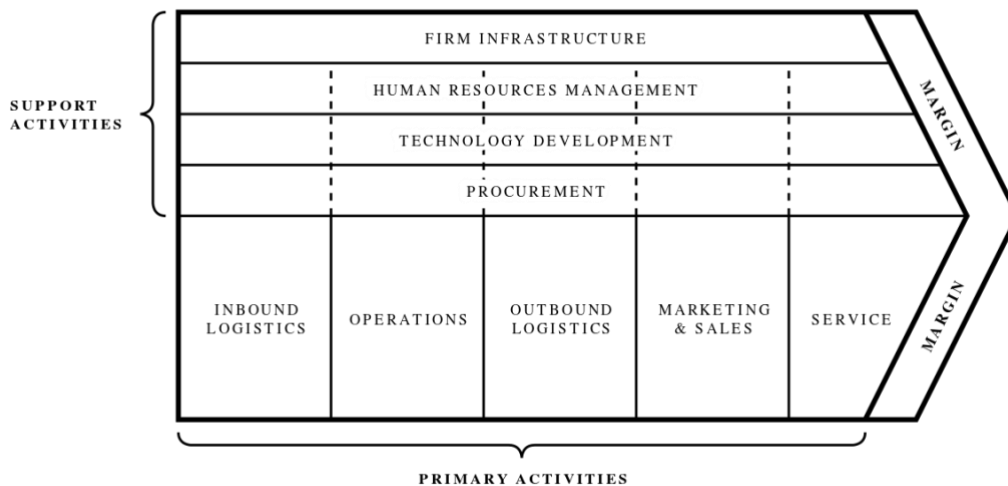
White space untapped opportunities

Slide 6-



Slide 7- Observe consumer and figure out why the challenge exists immerse in situation
Competitive advantage is based of being cheaper and different (providing comparable level of service in a unique way) -Michael Porter

Slide 8- Value Chain



Inbound logistics-
everything
that comes
into a
business

Operations- turns stuff into products for consumer

Outbound logistics- how we get product to customer

These activities need good support e.g. firm infrastructure, HR management etc.

Slide 10- performance with purpose

Constant reinvention instead of every 7-10 years its now 2-3 years

Take a holistic perspective

Slide 12-

Every business fails, businesses can leverage of their failures

Slide 13-

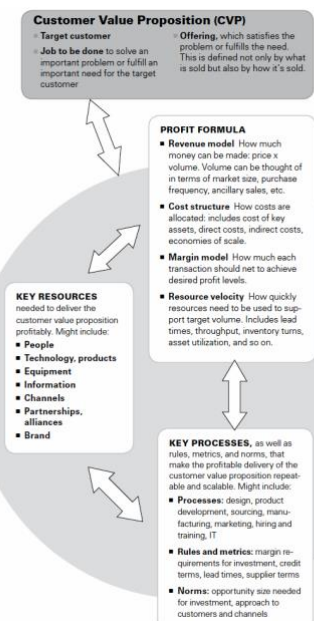
Can we out execute our rivals?

How do we create value?

How do we deliver value?

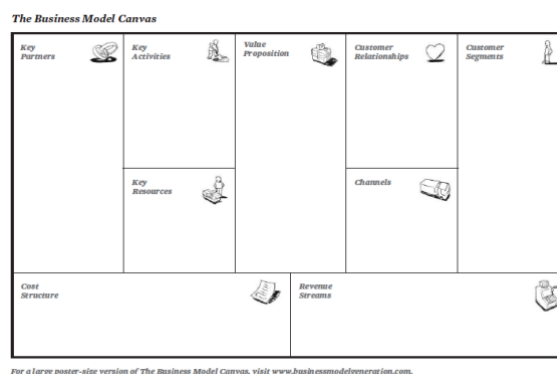
How do we capture value?

Business model has a basic sense however, the way its operationalised varies from industry to industry
Same values just different ways of using it



Slide 18-

Canvas for bus. model



For a large poster-size version of The Business Model Canvas, visit www.businessmodelgeneration.com.

Week 3.

- Brown, T. (2008). Design Thinking, Harvard Business Reviews, 86(6), 84-92
- Ignatius, A. (2015). How Indra Noori turned design thinking into strategy. Harvard Business Review, September, 81-85
- Stigliani, I. (2017). Design Thinking - The Skill Every MBA Student Needs, Financial Times, June 22.

WEEK 3

Design Thinking-

- Design thinking uses the designer's **sensibility and methods** to match people's needs with **what is technologically feasible** and what a viable business strategy can **convert** into **customer value and market opportunity**
- Asking designers to create ideas that better meet the customer's desires and needs rather than developing an already established idea
- Innovation is powered by a thorough **understanding**, through direct observation, of what people **want and need** in their lives and what they like or dislike about the way a product is made, package, marketed, sold and supported.
- Characteristics of design thinkers:
 - **Empathy**- taking a 'people first' approach, imagining the world in from multiple perspectives
 - **Integrative thinking**- Looking at all aspects of the problem even the contrary aspects to go beyond and improve the existing alternatives
 - **Optimism**- Believing that the problem can always have a solution that is better than the existing alternatives
 - **Experimentalism**- explore constraints that proceeds in new directions
 - **Collaboration**- finding design thinkers who are experienced in more than one discipline
- Example- Kaiser Permanente, sought to improve the overall quality of both patients and medical practitioners. Collaborated with nurses to identify problems occurring. From the insights they gained they then brainstormed a prototype to ease the congestion of hand over and the missing of important information. They developed a prototype to alleviate this which was very successful as they applied a human-centred design methodology
- The goal of prototyping is to learn about the strengths and weaknesses of the idea and to identify new directions that further prototypes may take.
- *How does design thinking happen?*
 - **Inspiration**
 - **Ideation**
 - **Implementation**
- These problems all have people at their heart. They require a human-centred, creative, iterative, and practical approach to finding the best ideas and ultimate solutions. Design thinking is just such an approach to innovation

